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10/729,444

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Suresh Annappindi

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EXAMINER

NGUYEN, TRAN N

ART UNIT

PAPER NUMBER

3626

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PAPER

**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

<b>Office Action Summary</b>	<b>Application No.</b> 10/729,444	<b>Applicant(s)</b> ANNAPPINDI, SURESH	
	<b>Examiner</b> Tran Nguyen	<b>Art Unit</b> 3626	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

### Status

- 1) ☒ Responsive to communication(s) filed on 12 November 2009.
- 2a) ☒ This action is **FINAL**.                      2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

### Disposition of Claims

- 4) ☒ Claim(s) 1-9, 11-25 and 27-30 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-9, 11-25 and 27-30 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

### Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All    b) ☐ Some \*    c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

### Attachment(s)

- |  |   |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)                                | 4) <input type="checkbox"/> Interview Summary (PTO-413)<br>Paper No(s)/Mail Date. _____ |
| 2) <input type="checkbox"/> Notice of Draftperson's Patent Drawing Review (PTO-948)                        | 5) <input type="checkbox"/> Notice of Informal Patent Application                       |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08)<br>Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____  |

**DETAILED ACTION**

***Response to Amendment***

As per the Office Action mailed 03/16/2009:

The rejection to claim 10 under 37 CFR 1.75(c) is hereby withdrawn in view of Applicant's cancellation of claim 10.

The rejection of claims 25-27 under 35 USC 112, second paragraph is hereby withdrawn in view of Applicant's amendment to claims 25, 27, and cancellation of claim 26.

The rejection of claims 1-28 under 35 USC 101 is hereby withdrawn in view of Applicant's amendment to claims 1, 11, 27.

***Claim Rejections - 35 USC § 112***

The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

Claim(s) 20 is/are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

As per claim 20, this claim recites "verifiable source".

This limitation is indefinite because any document may be considered to “verifiable” because anyone or anything can be used to “verify” the document, and that the actual verifiability of the document is not determined until efforts to verify the document has been taken to yield a positive or negative result.

Does Applicant intend to claim a document that has been verified, or only that a document is capable of being verified regardless of its verification status?

For purposes of applying prior art, Examiner interprets this limitation to recite documents that have not yet been verified.

### ***Claim Rejections - 35 USC § 101***

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claim(s) 30 is/are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

As per claim 30, this claim recites a “system” comprising a “database”.

When read in light of the specification and the level of ordinary skill in the art, the “database” may be reasonably interpreted to recite software *per se* or data structure *per se* at best because this limitation has not been positively recited as being tangibly embodied on any statutory structure.

As such, the claim is found to be directed towards nonstatutory subject matter.

***Claim Rejections - 35 USC § 103***

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

The factual inquiries set forth in *Graham v. John Deere Co.*, 383 U.S. 1, 148 USPQ 459 (1966), that are applied for establishing a background for determining obviousness under 35 U.S.C. 103(a) are summarized as follows:

1. Determining the scope and contents of the prior art.
2. Ascertaining the differences between the prior art and the claims at issue.
3. Resolving the level of ordinary skill in the pertinent art.
4. Considering objective evidence present in the application indicating obviousness or nonobviousness.

Claim(s) 1-9, 11-18, 20, 22, 24-25, 27, 29-30 is/are rejected under 35 U.S.C. 103(a) as being unpatentable over Callen (6332125) in view of Guiso (An Empirical Analysis of Earnings and Employment Risk, mailed 03/16/2009) and Karni (Optimal Unemployment Insurance: A Survey).

As per claim 1, Callen teaches a computer-based method (Abstract) capable of analyzing unemployment risk (reads on “predicting and scoring an unemployment probability”) for an employee (Figure 1, 2), comprising:

- (a) collecting, with the computer, employee data (Figure 8C-8D);
- (b) determining, with the computer unemployment risk for the employee’s employer (reads on “economic data”) (Figure 1).

Callen does not teach "national employment and unemployment" data.

Guiso teaches collecting employment and unemployment data regarding the North and South regions of the country (reads on "national") (page 250 Table 5, page 246 Table 2).

At the time the invention was made, it would have been obvious to one of ordinary skill in the art to include the teachings of Guiso within the embodiment of Callen with the motivation of determining the risk of unemployment.

Callen further teaches:

(c) calculating, with the computer, the unemployment risk for the employee based on unemployment data (Figure 2);

(d) generating an unemployment insurance premium based on the risk score (Figure 5).

It is noted that the claim only requires "generating... unemployment premium for the individual employee". Examiner has interpreted this limitation to recite that an unemployment policy is generated, wherein the insurable event is the unemployment of the employee. The claim does not require that the contract be signed by the employee or that the employee be the payor of the premium.

In the interest of compact prosecution for Applicant, and especially since Applicant argues this feature, Examiner hereby submits art for the feature of an unemployment insurance policy entered into by the employee and wherein the employee pays the premium for this policy.

Callen and Guiso do not teach a private unemployment insurance policy wherein the employee enters into this contract and pays for the premium.

Karni teaches that an unemployment insurance (UI) program may be funded by the employee (page 3 paragraph 1).

Karni further teaches that an employee may take out UI if they employee is aware of unemployment risk (page 9 paragraph 2), thereby suggesting that individual employee may partake in UI programs at will.

Karni further teaches offering UI coverage to unemployed people (page 31 paragraph 2). Clearly, unemployed people do not have employers and must pay for the coverage themselves.

Karni further teaches an employee paying UI premiums (page 58 paragraph 2).

At the time the invention was made, it would have been obvious to one of ordinary skill in the art to include the teachings of Karni within the embodiment of Callen and Guiso with the motivation of accurately price UI coverage based on the employee's unemployment history (Karni; page 58 paragraph 2).

As per claim 2, Callen teaches collecting the employee's salary (Figure 2).

Regarding the remaining recited data elements, to the extent Applicant would argue that the applied art do not teach a particular claimed data, the distinction is a matter of the content of the information, that is, descriptive material. Patentable weight need not be given to descriptive material absent a new and unobvious functional relationship between the descriptive material and the substrate (here the system). See

In re Lowry, 32 F.3d 1579, 1582-83 (Fed. Cir. 1994). In re Ngai, 367 F.3d at 1338. See also, Ex parte Mathias, 191 Fed. Appx. 959 (CCPA 2006).

In that regard, Applicant has not come forward with evidence sufficient to show that the structure of the claimed system is functionally affected by the data inputs as in the applied art. Absent such evidence, it is reasonable to conclude that the claim limitations to generic data are descriptive and not functionally related to any structure of the claimed system and as such falls under the category of patentably inconsequential subject matter. See Ex parte Curry, 84 USPQ2d 1272, 1275 (BPAI 2005) (informative) (“Common situations involving nonfunctional descriptive material are: - a computer-readable storage medium that differs from the prior art solely with respect to nonfunctional descriptive material, such as music or a literary work, encoded on the medium, - a computer that differs from the prior art solely with respect to nonfunctional descriptive material that cannot alter how the machine functions (i.e., the descriptive material does not reconfigure the computer), or - a process that differs from the prior art only with respect to nonfunctional descriptive material that cannot alter how the process steps are to be performed to achieve the utility of the invention.

Thus, if the prior art suggests storing a song on a disk, merely choosing a particular song to store on the disk would be presumed to be well within the level of ordinary skill in the art at the time the invention was made. The difference between the prior art and the claimed invention is simply a rearrangement of nonfunctional descriptive material.” See also Ex parte Mathias, 84 USPQ2d 1276 (BPAI 2005) (informative).



Nonfunctional descriptive material cannot render nonobvious an invention that would have otherwise been obvious. *In re Ngai*, 367 F.3d 1336, 1339 (Fed. Cir. 2004). Cf. *In re Gulack*, 703 F.2d 1381, 1385 (Fed. Cir. 1983) (when descriptive material is not functionally related to the substrate, the descriptive material will not distinguish the invention from the prior art in terms of patentability).

Nevertheless, these data are rendered optional by the limitation “selected from the group consisting of”.

As per claim 3, Guiso teaches historical employment and unemployment data for 1995 (reads on “historical”) (page 246 Table 2).

At the time the invention was made, it would have been obvious to one of ordinary skill in the art to include the features of Guiso within the embodiment of Callen, Guiso, and Karni with the same motivation as applied to claim 1 above, and incorporated herein.

Regarding the remaining recited data elements, similar rationale as applied to claim 2 above is incorporated herein.

As per claim 4, Callen teaches segmenting employees into risk pools (Figure 2).

Callen does not teach segmenting national data.

Guiso teaches dividing the population into a plurality of segments (page 246 Table 2).

At the time the invention was made, it would have been obvious to one of ordinary skill in the art to include the features of Guiso within the embodiment of Callen, Guiso, and Karni with the same motivation as applied to claim 1 above, and incorporated herein.

As per claim 5, Callen teaches income classification (Figure 2).

Regarding the remaining recited data elements, similar rationale as applied to claim 2 above is incorporated herein.

As per claim 6, Callen teaches employment risk for the employer (Figure 5).

As per claim 7, Callen teaches determining a plurality of unemployment periods (Figure 1) based on income (Figure 2).

Regarding the remaining recited data elements, similar rationale as applied to claim 2 above is incorporated herein.

As per claim 8, Guiso teaches the 1995 Survey of Household Income and Wealth (reads on "other economic data") (page 241 Abstract).

At the time the invention was made, it would have been obvious to one of ordinary skill in the art to include the features of Guiso within the embodiment of Callen, Guiso, and Karni with the same motivation as applied to claim 1 above, and incorporated herein.

Regarding the remaining recited data elements, similar rationale as applied to claim 2 above is incorporated herein.

As per claim 9, Callen teaches providing unemployment insurance (Abstract) based on a particular technique to categorize risk (Figure 1-2).

Callen further teaches customizing the policy features based on the insured's preference (Figure 5).

Regarding the remaining recited data elements, similar rationale as applied to claim 2 above is incorporated herein.

As per the set of claim(s): 11, this set of claim is rejected for substantially the same rationale as applied to the rejection of the set of claim(s): 9, respectively, and incorporated herein.

As per claim 12, Callen teaches using historical unemployment data to estimate the unemployment risk for each cell (Figure 1).

Regarding the remaining recited data elements, similar rationale as applied to claim 2 above is incorporated herein.

As per claim 13, Callen teaches providing enhanced coverage up to the insured-selected limit (Figure 8L) (It is noted that the insured is considered to be an "employee").

Regarding the remaining recited data elements, similar rationale as applied to claim 2 above is incorporated herein.

As per claim 14, Callen teaches providing payments to unemployed persons who have not applied for state unemployment benefits (reads on “no existing insurance coverage”) (column 9 line 60-64).

As per claim 15, Callen teaches providing payments to unemployed persons who have applied for state unemployment benefits (reads on “existing insurance coverage”) (column 9 line 60-64).

As per the set of claim(s): 16, this set of claim is rejected for substantially the same rationale as applied to the rejection of the set of claim(s): 1, respectively, and incorporated herein.

As per claim 17, Callen teaches using underwriting data comprising stop loss percentage (reads on “loss amount and rates”) to price the premium (column 8 line 16-23).

Regarding the remaining recited data elements, similar rationale as applied to claim 2 above is incorporated herein.

As per claim 18, Callen teaches:

(a) providing notice of duties of the insured after notice (reads on “eligibility guidelines”) (Figure 8M);

(b) providing relevant information (reads on “proof”) before providing payout (Figure 8M).

As per claim 20, Callen teaches providing document from the employer (reads on “verifiable source”) (Figure 8M).

Regarding the remaining recited data elements, similar rationale as applied to claim 2 above is incorporated herein.

As per claim 22, Callen teaches reducing adverse selection and keeping the product profitable (reads on “profit margin”) (column 1 line 49-53).

Regarding the remaining recited data elements, similar rationale as applied to claim 2 above is incorporated herein.

As per claim 24, Callen teaches a grace period (reads on “waiting period”) (Figure 8O).

Regarding the remaining recited data elements, similar rationale as applied to claim 2 above is incorporated herein.

As per the set of claim(s): 25, this set of claim is rejected for substantially the same rationale as applied to the rejection of the set of claim(s): 1, respectively, and incorporated herein.

Regarding the remaining recited data elements, similar rationale as applied to claim 2 above is incorporated herein.

As per the set of claim(s): 27, this set of claim is rejected for substantially the same rationale as applied to the rejection of the set of claim(s): 1, respectively, and incorporated herein.

In particular, the applied art suggest calculating a plurality of coverage options for the employee insured based on risk data and administering the policy with a computer.

Regarding the remaining recited data elements, similar rationale as applied to claim 2 above is incorporated herein.

As per claim 29, Callen teaches entering employer-derived data and weighting this data (reads on "reason codes") (Figure 5).

As per the set of claim(s): 30, this set of claim is rejected for substantially the same rationale as applied to the rejection of the set of claim(s): 1, respectively, and incorporated herein.

Claim(s) 19, 21, 23, 28 is/are rejected under 35 U.S.C. 103(a) as being unpatentable over Callen in view of Guiso and Karni as applied to parent claims 18, 11, 22, 27 above, and further in view of Applicant Admitted Prior Art (AAPA).

It is noted that the official notice taken in the previous Office Action is taken to be AAPA because Applicant failed to adequately traverse Examiner's assertion.

As per claim 19, Callen, Guiso, and Karni do not teach a renewal discount.

AAPA teaches that providing a renewal discount is old and well established in the art of insurance.

At the time the invention was made, it would have been obvious to one of ordinary skill in the art to include the teachings of AAPA within the embodiment of Callen, Guiso, and Karni with the motivation of maintaining customer loyalty.

As per claim 21, Callen does not teach good customer discounts.

AAPA teaches that providing discounts to customers who pay timely and do not file claims is old and well known in the art of insurance.

At the time the invention was made, it would have been obvious to one of ordinary skill in the art to include the teachings of AAPA within the embodiment of Callen, Guiso, and Karni with the motivation of encouraging customers to pay on time and stay employed as to not trigger a claim payout.

As per claim 23, Callen teaches determining involuntary unemployment rate (Figure 1-2), adverse selection risk (column 4 line 33-45).

Callen does not teach "moral hazard risk".

AAPA teaches that moral hazard risks are well known in the art of insurance.

At the time the invention was made, it would have been obvious to one of ordinary skill in the art to include the teachings of AAPA within the embodiment of Callen, Guiso, and Karni with the motivation of accurately predicting the payout risk.

Callen further teaches terms (Figure 8A-U), benefit levels (Figure 8A-U), premiums as discussed above and incorporated herein, and terms of the contract (Figure 8A-U) for the groups of employees based on mathematical modeling (Figure 1-2).

Regarding the remaining recited data elements, similar rationale as applied to claim 2 above is incorporated herein.

As per the set of claim(s): 28, this set of claim is rejected for substantially the same rationale as applied to the rejection of the set of claim(s): 19, respectively, and incorporated herein.

### ***Response to Arguments***

Applicant's arguments filed 11/12/2009 have been fully considered but they are not persuasive.



Applicant's arguments on page 15-16 have been considered but are moot in view of the new ground(s) of rejection.

On page 15 Applicant argues:

*Callen determines the rate at which the employer terminates employees, which is completely different from the present invention determining the unemployment probability of an individual employee.*

Callen teaches determining the unemployment rate for the employer, which would yield the unemployment rate for all employees of that employer.

On page 15 Applicant argues:

*Thus, unlike the present invention, Callen does not offer any policies to the employee.*

As noted with respect to claim 1 above, the claim does not require that any policy be offered to the employee.

Nevertheless, Callen teaches providing insurance coverage for the employee's unemployment. This teaching fully meets the limitations as recited.

Additionally, Examiner has applied art for the feature of individual employee-funded policies for Applicant's consideration.

On page 15 Applicant argues:

*Consequently, Callen is not capable of tailoring an unemployment insurance policy to an individual employee, as required by the claimed invention. Because Callen is not concerned with the individual employee, it does not generate unemployment risk score for that employee based on collected personal data as well as collected national data.*

Callen teaches that the policy may be adjusted to suit individual employee needs, such as employee income and tenure (Figure 2, 5).

The feature of national data has been taught in Guiso, as discussed above and incorporated herein.

On page 15 Applicant argues:

*Consequently, Callen does not teach or suggest the feature of determining an unemployment risk score for a particular individual employee, as set forth in the claimed invention.*

As discussed above, the risk pooling of employees into cells for a particular employer (Figure 2) accurately predicts unemployment risk of the employee from being dismissed by the employer.

On page 15 Applicant asserts:

*Guiso*, on the other hand, has conducted a telephone survey of a small population of people to and provides a very generalized and abstract discussion of data elements which can be used in the computation of future income, one factor of which is the probability of unemployment. (See *Guiso*, page 251, left column, 2<sup>nd</sup> full paragraph.) In fact, *Guiso* admits that there are conflicting results which cannot be explained. (See *Guiso*, page 245, right column, 3<sup>rd</sup> full paragraph.)

Guiso may admit that there are conflicting results; however, any time statistical data is used to predict the future, there will always be uncertainty because the future cannot be predicted with precision. In actuarial statistics, there is always an element of uncertainty because empirical data is not 100% perfect.

Guiso recognizes that these problems may be dealt with within the level of ordinary skill in the art, and that a somewhat accurate prediction could still be made in spite of uncertainties (page 251 column 1 paragraph 3-4).

### **Conclusion**

The new ground(s) of rejection presented in this Office action, if any, was/were necessitated by Applicant's amendment. Accordingly, **THIS ACTION IS MADE FINAL**. Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not

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mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the mailing date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Tran (Ken) N. Nguyen whose telephone number is 571-270-1310. The examiner can normally be reached on Monday - Friday, 9:00 am - 5:00 pm Eastern.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Gerald (Jerry) J O'Connor can be reached on 571-272-6787. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

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Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/T. N./

Examiner, Art Unit 3626

/Robert Morgan/

Primary Examiner, Art Unit 3626